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NSC BRIEFING

13 October 1954

PROSPECTS FOR SAAR AGREEMENT

- I. Future of London accord remains conditional on French-German settlement of Saar issue, left up in air by collapse of EDC.
 - A. Adenauer, Mendes-France to seek agreement in personal meeting 19 October.
 - B. Single day seems short time for settlement this thorny issue.
 - C. Before, during and after London, Mendes-France has plugged long-time French position Saar settlement is absolute prerequisite to approval German rearmament.
 - D. Both British and Dutch fear Saar disagreement as fatal snag for London accord.

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II. Present French position on Saar - though not of great public interest, question is major parliamentary issue, especially as weapon for rightist groups.

- A. Officially assumed quick settlement possible on basis 1954 compromise which seemed to assure a Saar neither French nor German, but "European."
- B. Mendes-France has told US accepts 54 agreement, subject to "minor modification." Has suggested that in absence EDC, revised Brussels Treaty Organization might provide alternative "European framework."
- C. However, Mendes-France's position will be affected by:
 - 1. His personal relationship with Adenauer, which is unclear: was very poor at Brussels, while London brought no real clarification

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2. Actions of various key Foreign Ministry officials (Grandval, Berard, Parodi) who are hostile to May, 54 compromise and may well have misled the Premier on German attitudes.

III. Present German position on the Saar --

views death of EDC as undercutting May 54 compromise, which envisioned steady development of integrated Europe.

- A. Adenauer under heavy pressure from coalition leaders who take harder line on previous political, if not economic, concessions.

1. These views voiced strongly in Bundestag (7 Oct).

- B. On 12 Oct, Adenauer told Ambassador Conant he has given up all thoughts of "European" settlement of Saar for

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"time being;" but still believes
agreement possible at 19 Oct. Meeting.

C. On 13 Oct., Bonn Foreign Office indicated to U. S. that the proposed abandonment of "Europeanization" may involve nothing more than dropping reference to Saar status from the May 54 agreement.

1. Also look to Brussels Treaty
Organization for necessary framework.

IV. Prospects for 19 Oct.

A. If Adenauer accepts this Foreign Office interpretation, the 54 compromise agreement could still be basis for quick settlement. But his intentions not yet clear.

B. Mendes-France's handling of London agreement in French Assembly suggests genuine desire for quick Saar solution; but his negotiating handicaps may inad-

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vertently jeopardize immediate
settlement.

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SAAR -- BASIC DATA

- A. Area: 994 sq. mi.
- B. Population: 980,000 -- practically all German.
- C. Approximate 1953 Coal and Steel production (in millions of tons)

| | <u>SAAR</u> | <u>FRANCE</u> | <u>WEST GERMANY</u> |
|-------|-------------|---------------|---------------------|
| Coal | 16.4 | 52.6 | 124.5 |
| Steel | 2.7 | 10.0 | 15.4 |

- D. The importance of the Saar to France, in maintaining approximate economic equality with West Germany in the 5-nation Coal-Steel Community is shown below.

(Figures indicate percentage of total CSC resources)

Saar alone: 8%

France alone: 24%

West Germany alone: 45%

FRANCE plus SAAR: 32% (vs 45% WEST GERMANY alone)

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FRANCE without SAAR: 24% (vs
53% WEST GERMANY plus SAAR)

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